

**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

**THIRTY-FIFTH
ANNUAL
REPORT
1944**

MONTREAL - CANADA

**PURVIS HALL
LIBRARIES**

JAN 2 1945

McGILL UNIVERSITY

**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

**THIRTY-FIFTH
ANNUAL
REPORT
1944**

MONTREAL - CANADA

CANADIAN CAR & FOUNDRY COMPANY, LIMITED



BOARD OF DIRECTORS

W. F. ANGUS	W. A. EDEN
HON. C. P. BEAUBIEN, K.C.	G. BLAIR GORDON
W. H. COVERDALE	WILLIAM HARTY
V. M. DRURY	J. C. NEWMAN
L. A. PETO	

OFFICERS

V. M. DRURY, *President*

WILLIAM HARTY	- - -	<i>Executive Vice-President</i>
W. F. ANGUS	- - -	<i>Vice-President</i>
LYLE MCCOY	- - -	<i>Vice-President and General Manager</i>
A. C. BOURNE	- - -	<i>Secretary</i>
A. HODGKINSON	- - -	<i>Comptroller and Treasurer</i>

SOLICITORS

WAINWRIGHT, ELDER & LAIDLEY, MONTREAL



BANKERS

BANK OF MONTREAL
THE ROYAL BANK OF CANADA



GENERAL OFFICES

621 CRAIG STREET WEST, MONTREAL

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

AND WHOLLY OWNED SUBSIDIARY COMPANY



CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS AT SEPTEMBER 30, 1944

Combined net operating profit for the fiscal year ending September 30, 1944, before taking into account the items shown below.. \$5,458,838.40

ADD: Income from Investments..... 39,713.78

Total Revenue..... \$5,498,552.18

DEDUCT:

Fees of Directors and Executive Committee...	\$ 6,970.00	
Compensation of Officers.....	144,486.00	
Legal Expenses.....	20,374.27	171,830.27

Profit for the fiscal year before charging Depreciation and providing for Income and Excess Profits Taxes..... \$5,326,721.91

DEDUCT Depreciation:

Property written off during the year.....	\$ 19,713.71	
Normal Depreciation.....	535,722.12	
Special Depreciation.....	1,279,979.64	1,835,415.47

Balance of Profits..... \$3,491,306.44

DEDUCT:

Provision for Income and Excess Profits Taxes including the refundable portion of the Excess Profits Taxes, viz., \$305,400.00.....		2,361,000.00
---	--	--------------

Net Profit for the Fiscal Year..... \$1,130,306.44

DEDUCT:

Provision for Preference Shares Sinking Fund Requirements.....		42,533.21
--	--	-----------

\$1,087,773.23

Surplus at September 30, 1943..... 6,911,713.73

\$7,999,486.96

DEDUCT:

Prior years' adjustment re Income and Excess Profits Taxes.....	\$271,351.73	
Par value of 2,426 Preference Shares purchased, redeemed and cancelled in excess of Sinking Fund requirements transferred to Capital Surplus.....	\$60,650.00	
Premium paid on above.....	4,921.75	65,571.75
		336,923.48

\$7,662,563.48

DEDUCT:

Dividends declared and paid on Preference Shares, \$2.10 per share.....		575,400.00
---	--	------------

BALANCE OF SURPLUS AT SEPTEMBER 30, 1944..... \$7,087,163.48

CANADIAN CAR & FOUN

AND WHOLLY OWNED

CONSOLIDATED

at Septem

(EXPRESSED IN C

ASSETS

CAPITAL ASSETS:

Land, Buildings, Machinery and Equipment at depreciated reproductive values as appraised in 1930 by the Canadian Appraisal Company, Limited, plus the cost of subsequent additions (net)

Land..... \$1,851,378.82

Buildings, Machinery and Equipment..... \$17,381,434.28

Less: Reserve for depreciation provided since above date..... 3,779,551.71 13,601,882.57

NOTE—The net property value subject to future depreciation for income tax purposes is approximately \$8,200,000.00.

Expenditure re War Contracts subject to Special Depreciation..... \$5,827,182.79

Less: Special Depreciation thereon. 4,612,843.65 1,214,339.14 \$16,667,600.53

INVESTMENT IN AND ADVANCES TO PARTLY OWNED SUBSIDIARY COMPANY:

Investment at Cost..... \$470,625.00

Current Account..... 19,617.67 490,242.67

INVESTMENTS IN OTHER COMPANIES, at cost:

Central Aircraft Corporation..... \$75,000.00

Canadian Car Munitions Limited..... 1,000.00 76,000.00

DEFERRED ACCOUNT RECEIVABLE:

Refundable Portion of Excess Profits Taxes..... 616,576.97

CURRENT ASSETS:

Stocks of manufactured and partly manufactured products, materials and supplies, certified by responsible officials of the company, valued at cost or market prices, whichever were lower, (less reserve) also expenditures on Government contracts less relative progress billings.....

\$9,740,086.28

Investment in United States Government Bonds (Market value \$498,400.00).....

495,000.00

Accounts Receivable (less reserve).....

6,350,298.37

Cash on hand and with Bankers.....

707,730.08

17,293,114.73

DEFERRED CHARGES..... 337,126.24

\$35,480,661.14

NOTE TO ACCOUNTS:—

RENEGOTIATION OF GOVERNMENT CONTRACTS—War profits control legislation gives the Government the right under certain conditions to renegotiate and adjust profits realized on contracts and sub-contracts with a view to a reduction in and refunding of profits realized on such contracts. Because of the uncertainties involved it is impossible to estimate at this time the effect, if any, of such renegotiations upon the financial statements of the Company.

DRY COMPANY, LIMITED

SUBSIDIARY COMPANY

BALANCE SHEET

As at September 30, 1944

(CANADIAN DOLLARS)

LIABILITIES

CAPITAL STOCK:

Preference—Cumulative Participating (Redeemable at \$35)—Div. \$2.10.	
Authorized and issued 280,000 shares of \$25.00 ea.	\$7,000,000.00
Less: Purchased, redeemed and cancelled.....	
6,000 shares of \$25.00 ea.	150,000.00
Outstanding.....	274,000 shares of \$25.00 ea. \$6,850,000.00

Ordinary:

Authorized 645,800 shares of no par value	
Issued 365,800 shares of no par value.....	9,145,000.00 \$15,995,000.00

NOTE: Of the above mentioned shares, 24,414 cumulative participating (redeemable) Preference and 117,566 Ordinary are held for exchange of 24,414 old 7% cumulative and participating Preference Shares and 117,566 shares of the old ordinary stock, respectively, pursuant to arrangement dated December 1, 1942.

CURRENT LIABILITIES:

Accounts Payable and Payrolls.....	\$7,756,443.83	
Provision for Income and other Taxes.....	2,630,982.21	
Dividend Payable.....	142,480.00	
Amount due re exchange of old Preference Shares..	62,255.70	10,592,161.74
		301,000.00

OPERATING AND MISCELLANEOUS RESERVES

DEFERRED CREDIT, representing unrealized exchange differences.....	28,134.31
--	-----------

SINKING FUND RESERVE for redemption of

Preference Shares:	
Balance at September 30, 1943.....	\$15.30
ADD—Appropriation out of Net Profits for year ending September 30, 1944.....	42,533.21 \$42,548.51
LESS—Par value of 1,574 Preference shares purchased for redemption and cancellation.....	\$39,350.00
Premium paid re shares purchased.	3,193.25 42,543.25 5.26

SURPLUS ACCOUNTS:

Capital Surplus—Properties:	
Balance at September 30, 1943....	\$716,778.93
LESS—Proportion of Net Loss in respect of properties sold and equipment scrapped during the year.....	6,159.55 \$710,619.38

Capital Surplus—Preference Stock

Redemption:	
Balance at September 30, 1943....	\$50,000.00
Transferred from Sinking Fund Reserve..	\$39,350.00
Transferred from Earned Surplus.....	60,650.00 100,000.00 150,000.00

Refundable portion of Excess Profits Taxes....	616,576.97
--	------------

Earned Surplus—per attached statement.....	7,087,163.48 8,564,359.83
--	---------------------------

CONTINGENT LIABILITY—A suit has been entered against the Agency of Canadian Car and Foundry Company, Limited, by the Estate of W. W. Butler, a former President of that Company, for additional compensation in the amount of \$1,168,000.00. The Company does not admit liability in respect of such claim and on the advice of counsel it is being contested.

\$35,480,661.14

Approved on behalf of the Board:

V. M. DRURY,
Director.

W. F. ANGUS,
Director.

A. HODGKINSON,
Comptroller and Treasurer.

Submitted with our Report to Shareholders
of December 23rd, 1944.

PRICE, WATERHOUSE & CO.,
Auditors.

AUDITORS' REPORT TO THE SHAREHOLDERS OF
CANADIAN CAR AND FOUNDRY COMPANY, LIMITED

We have made an examination of the books and accounts of the Canadian Car & Foundry Company, Limited, and its wholly owned Subsidiary Company for the year ending September 30, 1944, and have obtained all the information and explanations which we have required.

Uncertainty in the determination of the financial position during the war, involved in the possibility of renegotiation of government contracts, is set forth in the note to the accounts.

On the above basis we report that, in our opinion, the attached Consolidated Balance Sheet at September 30, 1944, together with the note thereto, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Canadian Car & Foundry Company, Limited, and its wholly owned Subsidiary Company, after making provision of \$1,815,701.76 on account of depreciation for the year, according to the best of our information and the explanations given to us and as shown by the books of these companies.

In accordance with the provisions of Section 114 of the Companies Act 1934, we also report that the profits of a partly owned subsidiary company have not been included in the attached accounts, but have been carried forward on the books of the subsidiary company.

PRICE, WATERHOUSE & Co.

Auditors.

MONTREAL, December 23rd, 1944.

THIRTY-FIFTH ANNUAL REPORT

Year Ending September 30, 1944



TO THE SHAREHOLDERS:

Your Directors submit herewith the Thirty-Fifth Annual Report of your Company and of its wholly owned Subsidiary Company, covering combined operations for the year ending September 30th, 1944.

The net reduction in Capital Assets during the year was \$714,199.89. The balance of \$1,214,339.14 in respect of war contracts remains to be amortized as at October 1st, 1944, practically the whole of which sum applies to the Dive Bomber Contract, and will be written off over the term of this contract.

The net profit for the year amounted to \$5,326,721.91 before provision for depreciation and Income and Excess Profits Taxes, this being an increase of \$439,592.77 over last year.

The net working capital is \$6,700,952.99, being an increase of \$754,549.38 over the previous year.

During the past year our Car and Steel Foundry Plants operated at full capacity and orders for railway equipment on the books, the great majority being for export, will continue to keep these plants fully employed to the end of 1945.

We are again forging three different types of large calibre shells, after having closed down these operations some time ago.

Your Aircraft Plant at Fort William is producing the Curtiss-Wright Dive Bomber for the U.S. Navy in accordance with the schedule laid down and exceeded its maximum scheduled output in October of this year. We have since received instructions to reduce the production schedule which will have the effect of prolonging the contract to the end of 1945, without reducing the total number to be produced under the original contract.

During the year your Plant at Amherst, Nova Scotia, has been fully occupied in the repair and maintenance of aircraft for the Maritime area.

As the Air Training Plan is gradually coming to a close the demand for propellers for training planes has practically ceased, and as a result our operations at the Propeller Plant have been greatly reduced. We anticipate keeping this plant employed in producing other items found necessary in connection with the war.

The production of the planes of the so-called Burnelli design is proceeding satisfactorily and we expect to have the first plane in the air early next Spring.

During the year we asked to be relieved of the management of the Government owned shell-filling plant at Cherrier, Quebec,

which was operated by your wholly owned Subsidiary Company, Canadian Car Munitions, Limited. The Government acquiesced and since June 1st, 1944, we have had no further operational interest in same.

No further receipt by your wholly owned subsidiary Company, the Agency of Canadian Car & Foundry Company, Limited, on its award by the Mixed Claims Commission, was received during the year. We are still actively engaged in endeavouring to collect the balance of approximately \$8,000,000, including interest, due us in this connection.

The operations of Canadian General Transit Company, Limited (a partly owned subsidiary company) continue to be satisfactory.

Your Directors deeply regret to have to record the death of Mr. W. S. Atwood on March 18th, 1944. The late Mr. Atwood joined the Company at its inception and was made Vice-President in Charge of Production in the year 1920, and a Director of the Company in the year 1940.

Mr. W. H. Coverdale of the firm of Coverdale and Colpitts, New York, and President of Canada Steamship Lines Limited, was elected a Director on October 23rd, 1944.

During the past year your employees have worked most faithfully and efficiently; have more than met the requests of the Red Cross in connection with blood donations; have made a record in their subscriptions to Victory Loans and have made very substantial contributions to the Red Cross and other charitable organizations.

The number of employees in your Company who have enlisted in the Armed Forces is 3,772 of whom 14 have made the supreme sacrifice. To their families we extend our deepest sympathy.

Your Directors take this opportunity of expressing their appreciation of the loyal and efficient services rendered by the officers and employees throughout the year.

For the Directors,

V. M. DRURY,
President.

MONTREAL, December 26th, 1944.

